



# **TOWN OF BARRINGTON**

## **NEW HAMPSHIRE**

Office of the Town Administrator

### **Projected 2021 Unassigned Fund Balance**

October 22, 2020

Barrington's unassigned fund balance (like a savings account) ensures cash-flow, continuity of municipal services, and tax rate stability. It is important to maintain an appropriate amount in unassigned fund balance to reduce financial risks, reduce borrowing costs, and to continue the orderly operation of government. The 'appropriate' amount is recommended by the New Hampshire Department of Revenue Administration (DRA) as a range of 8%-17% of regular general fund operating expenditures. Regular general fund operating expenditures are the sum of municipal, school, county, and state expenditures which are locally raised.

Unassigned fund balance primarily comes from unspent money in the Town's budget and collecting more revenue than anticipated. The unassigned fund balance is typically used for warrant articles to limit or eliminate any future tax impact. For example, the Town sets money aside each year into capital reserve accounts to plan for large expenditures; in 2020 these contributions ranged from \$100,000 for Highway equipment to \$3,000 for Library technology. Using unassigned fund balance in this way helps to achieve voter support for responsible financial planning. It is important to note that utilizing unassigned fund balance in this way still requires action by Barrington voters; money cannot be appropriated from unassigned fund balance without an action by Barrington voters.

After 2020 appropriations and expenditures, Barrington's unassigned fund balance is 12.3% of regular general fund operating expenditures. This is a financially responsible level which the Select Board is committed to maintaining through the utilization of their [Fund Balance Policy](#). The information below contains more specific details of the fund balance history and use, including requested use for the 2021 Town Meeting.

#### **Data Analysis and Projections**

The Unassigned Fund Balance History dating back to 2002 and the Targeted Fund Balance History dating back to 2011 can be found in the [Unassigned Fund Balance History – 201022](#). This Excel spreadsheet has two sheets/tabs:

1. Fund Balance History
2. Targeted Fund Balance

The [Barrington Fund Balance Workbook Details – 201022](#) provides a detailed description of the information provided in the above referenced Excel workbook.



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As indicated on page one, the Department Heads and the Select Board ask voters to support certain annual utilization of the unassigned fund balance. The table below represents the requested use of unassigned fund balance for the 2021 Town Meeting. The actual utilization will be finalized by the Select Board during the budget development process.

<b>Requested use of Unassigned Fund Balance for 2021 Town Meeting</b>	
<b>Amount</b>	<b>Purpose</b>
\$150,000	Bridge and Culvert Capital Reserve – Annual saving for bridge/culvert work
\$150,000	Highway Equipment Capital Reserve – Annual saving for large Highway purchases
\$75,000	Library Capital Reserve – Designing and saving for new Library
\$60,000	Fire Truck Capital Reserve – Annual saving for large Fire equipment purchases
\$50,000	Emergency Communication Capital Reserve – Annual saving for emergency comm.
\$25,000	Police Equipment Capital Reserve – Savings for proper equipment replacement
\$25,000	Swains Lake Dam Capital Reserve – Annual saving for necessary upgrades
\$10,000	Fire Rescue Equipment Capital Reserve – Annual saving for expensive Fire equip.
\$5,500	Cemetery Capital Reserve – Annual contribution based on plot sales
\$5,000	Tricentennial Celebration – Annual saving for the 2022 celebration of 300 years
\$3,000	Library Technology Capital Reserve – Annual saving for Library technology
<b>\$558,500</b>	<b>Total Requested Use of Unassigned Fund Balance</b>

The ending unassigned fund balance for 2020 is \$3,894,056 (cell G20 of Fund Balance History). In 2020 it is currently estimated that \$700,000 will be added to unassigned fund balance. This contribution is comprised of \$600,000 in unexpended appropriations and a \$100,000 revenue surplus. Based on that estimate, the beginning unassigned fund balance for 2021 would be \$4,594,056. If the \$558,500 of requested unassigned fund balance use is approved by the Select Board and voters (see table above), the ending unassigned fund balance in 2021 is estimated to be \$4,035,556. The estimated regular general fund operating expenditures for 2021 (column B of Targeted Fund Balance) are \$33,152,295. The estimated balance of \$4,035,556 is 12.2% of the estimated regular general fund operating expenditures. That represents \$108,481 below the midpoint of the recommended range. As explained above, the Select Board targets the midpoint of the recommended range or 12.5%. These projections were based on multi-year averages; actual values may differ significantly.

In conclusion, Barrington currently holds 12.3% unassigned fund balance. If the Select Board and voters support the requested unassigned fund balance utilization totaling \$558,500, Barrington is estimated to hold 12.2% in 2021.